

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 NEAE-00 SSO-00 NSCE-00 USIE-00
INRE-00 EB-08 COME-00 TRSE-00 OMB-01 CIAE-00
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PA-01 PRS-01 SP-02 SS-15 DHA-02 /061 W
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FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC IMMEDIATE 2523
AMCONGEN BOMBAY
AMCONGEN CALCUTTA
AMCONGEN MADRAS
AMEMBASSY COLOMBO
AMEMBASSY DACCA
AMEMBASSY ISLAMABAD
AMEMBASSY KATHMANDU
CINCPAC

C O N F I D E N T I A L SECTION 1 OF 2 NEW DELHI 5008/1

CINCPAC FOR POLAD

E.O. 11652: GDS
TAGS: PINT, IN
SUBJECT: GOVERNMENT TO INVESTIGATE "ATROCITIES" AND MISUSE OF
POWER DURING THE EMERGENCY

1. SUMMARY: BOWING TO THE DEMANDS OF ITS OWN MEMBERS, MORARJI
DESAI'S NEW GOVERNMENT HAS TAKEN STEPS TO INVESTIGATE THE
SCANDALS AND "EXCESSES" OF MRS. GANDHI'S GOVERNMENT. NOT
ONLY HAS IT PROMISED TO INQUIRE INTO SEVERAL WELL-KNOWN
SCANDALS INVOLVING SANJAY GANDHI AND BANSI LAL, BUT IT HAS
ALSO PLEDGED TO CREATE A COMMISSION OF INQUIRY TO INVESTIGATE
"ALL COMPLAINTS OF EXCESSES, MALPRACTICES AND ABUSE OF
AUTHORITY DURING THE EMERGENCY". ALL THOSE QUILTY OF MISDEEDS
"FROM THE HIGHEST POLITICAL AUTHORITY DOWN TO THE LOWEST
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FUNCTIONARY OF GOVERNMENT" MUST FACE THE CONSEQUENCES OF
THEIR ACTIONS. THIS INQUIRY COULD UNLEASH FORCES WHICH COULD
POISON THE POLITICAL ATMOSPHERE FOR YEARS, AND IT WILL BE
DIFFICULT TO PREVENT THE INQUIRY FROM BECOMING A WITCH-HUNT.
END SUMMARY.

2. ONE OF THE MAJOR JANATA THEMES DURING THE LECTON

CAMPAIGN WAS THE EXTENT OF CORRUPTION, MISUSE OF POWER AND OTHER "MISDEEDS" ALLEGEDLY COMMITTED BY MEMBERS OF MRS. GANDHI'S GOVERNMENT DURING THE EMERGENCY. SOON AFTER IT ASSUMED OFFICE, THE NEW GOVERNMENT QUICKLY CAME UNDER PRESSURE FROM ITS MEMBERS TO LAUNCH INQUIRIES INTO SUCH CASES OF MALFEASANCE IN OFFICE. ON APRIL 1 HOME MINISTER CHARAN SINGH BOWED TO THIS PRESSURE AND TOLD THE LOK SABHA THAT THE GOI INTENDED TO INSTITUTE SEPARATE INVESTIGATIONS OF ANJAY GANDHI'S MARUTI COMPANY, LTD., THE NAGARWALA AFFAIR, AND THE ALLEGATIONS OF OFFICIAL CORRUPTION AND HIGH-HANDEDNESS AGAINST FORMER DEFENSE MINISTER BANSI LAL.

3. THE ANNOUNCEMENT FOLLOWED A LENGTHY DEBATE ON A RESOLUTION INTRODUCED BY JANATA MP KANWAR LAL GUPTA. THE RESOLUTION URGED THE CREATION OF A HIGH-POWERED COMMITTEE TO INVESTIGATE "JOINT DELIBERATE CONSPIRACY BY THE ERSTWHILE GOVERNMENT OF INDIA, MARUTI LTD. AND ITS ALLIED CONCERNS AND MR. BANSI LAL AGAINST THE COUNTRY AND THE PEOPLE". GUPTA WITHDREW THE RESOLUTION AFTER CHARAN SINGH'S ANNOUNCEMENT. DURING THE DEBATE GUPTA AND OTHER JANATA MP'S SPOKE AT LENGTH ON THE ALLEGED MISUSE OF POWER BY SANJAY GANDHI.

4. UNDER CURRENT PARLIAMENTARY PRACTICE, NEITHER THE INDIAN PARLIAMENT NOR ITS STANDING COMMITTEES ARE EMPOWERED TO CONDUCT INVESTIGATIONS OF ALLEGED MALFEASANCE BY PUBLIC OFFICIALS. SUCH INQUIRIES, AS IN THE CASE OF THE SARKARIA COMMISSION'S INVESTIGATION OF CURRUPTION IN THE FORMER DMK GOVERNMENT IN TAMIL NADU, ARE USUALLY CARRIED OUT BY COMMISSIONS HEADED BY A DISTINGUISHED JURIST. THIS PATTERN MAY AGAIN BE

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FOLLOWED IN THE MARUTI, NAGARWALA AND BANSI LAL CASES. WE ARE REPORTING BY SEPTTEL THE BACKGROUND OF THE MARUTI AFFAIR, WHICH INVOLVES ALLEGATIONS OF QUESTIONABLE DEALINGS WITH SEVERAL AMERICAN AND EUROPEAN FIRMS. BACKGROUND INFORMATION ON THE OTHER CASES FOLLOWS:

(A) NAGARWALA AFFAIR: RUSTAM SUHRAB NAGARWALA, A FORMER CAPTAIN OF THE ORDINANCE CORPS, HAD MANAGED TO WITHDRAW RS. 6 MILLION FROM THE GOVERNMENT-OWNED STATE BANK OF INDIA ON MAY 24, 1971 BY IMPERSONATING THE VOICES OF MRS. GANDHI AND HER PRIVATE SECRETARY P. N. HAKSAR ON THE TELEPHONE. THE VOICE ON THE TELEPHONE TOLD STATE BANK CASHIER V. P. MALHOTRA THAT THE MONEY WAS REQUIRED FOR A "SECRET MISSION" IN BANGLADESH. MALHOTRA LATER CLAIMED THAT THE VOICE REALLY SOUNDED LIKE MRS. GANDHI AND HE DELIVERED THE CASH TO NAGARWALA AT A PREARRANGED RENDEVOUS IN DELHI'S DIPLOMATIC ENCLAVE. THE POLICE RECOVERED THE MONEY THE SAME DAY AND ARRESTED NAGARWALA, WHO WAS LATER CONVICTED AND SENTENCED TO FIVE YEARS' IMPRISONMENT. WHILE STILL IN JAIL, NAGARWALA DIED UNDER MYSTERIOUS CIRCUMSTANCES, AS DID A POLICE OFFICER

WHO WAS INVOLVED IN THE CASE. MALHOTRA WAS SUBSEQUENTLY EMPLOYED AS THE CHIEF ACCOUNTANT IN SANJAY GANDHI'S MARUTI FIRM. OPPOSITION EFFORTS TO SOLVE THE MYSTERIOUS CIRCUMSTANCES OF THE AFFAIR WERE REBUFFED BY THE GOVERNMENT. DURING THE APRIL 1 LOK SABHA DEBATE, JANATA MP GUPTA URGED THE GOVERNMENT TO PROBE WHETHER NAGARWALA WAS "IN ANY WAY CONNECTED WITH MR. SANJAY GANDHI, MRS. INDIRA GANDHI OR WITH MR. MALHOTRA".

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CINCPAC FOR POLAD

(B) BANSI LAL: THE FORMER CHIEF MINISTER OF HARYANA AND UNTIL RECENTLY DEFENSE MINISTER, BANSI LAL HAS LONG BEEN A CONTROVERSIAL FIGURE. JANATA MP'S CLAIM THAT HE, ALONG WITH SANJAY GANDHI, OM MEHTA AND V.C. SHUKLA, CONSTITUTE THE SO-CALLED "GANG OF FOUR" WHO WERE THE PRIME MOVERS BEHIND THE EMERGENCY. AS HARYANA'S FIRST CHIEF MINISTER, HE WAS CREDITED WITH PLAYING THE MAJOR ROLE IN THE STATE'S RAPID ECONOMIC ADVANCEMENT. HE ACCOMPLISHED THIS TASK, HOWEVER, BY DICTATORIAL METHODS WHICH ANGERED THE STATE'S POPULATION AND LED TO OPPOSITION CHARGES OF CORRUPTION AND HIGH-HANDEDNESS AGAINST HIM. SANJAY ADMIRERED BANSI LAL'S PENCHANT FOR GETTING THINGS DONE REGARDLESS OF THE COST, AND THEY BECAME CLOSE

ASSOCIATES. A MAJOR ELEMENT IN THE MARUTI INQUIRY IS LIKELY TO BE THE CHARGE THAT BANSI LAL PROVIDED THE LAND FOR THE CONFIDENTIAL

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AUTO PLANT AT MINIMAL COST. MRS. GANDHI HAD CONSISTENTLY IGNORED THE CHARGES AGAINST BANSI LAL AND REFUSED TO INSTITUTE AN INQUIRY.

5. IT IS APPARENT THAT THE NEW GOVERNMENT IS BEING FORCED BY ITS OWN MEMBERS TO INVESTIGATE NOT ONLY SCANDALS INVOLVING THE MISUSE OF OFFICIAL POWER FOR PRIVATE MEANS, AS IN THE MARUTI AFFAIR, BUT ALSO TO INQUIRE INTO THE FAR MORE VOLATILE QUESTION OF THE "EXCESSES" AND "ATROCITIES" ALLEGEDLY COMMITTED BY GOVERNMENT OFFICIALS IN CARRYING OUT INSTRUCTIONS FROM THE POLITICAL LEADERSHIP DURING THE EMERGENCY. CHARAN SINGH HAS BEEN FACING ANGRY QUESTIONERS FROM HIS OWN BENCHES IN THE LOK SABHA IN RECENT DAYS, WHO DEMANDED A THOROUGH INVESTIGATION OF THE "ATROCITIES" OF THE EMERGENCY. SPEAKING IN THE LOK SABHA APRIL 7, THE HOME MINISTER ANNOUNCED THE GOVERNMENT'S INTENTION TO APPOINT A COMMISSION OF INQUIRY, TO BE HEADED BY AN EMINENT JUDGE, "TO LOOK INTO ALL COMPLAINTS OF EXCESSES, MALPRACTICES, AND ABUSE OF AUTHORITY DURING THE EMERGENCY, AND ALL MATTERS RELATED THERETO". HE CITED THE GOVERNMENT'S "DUTY TO EXPOSE THE ABUSE OF POWER BY A HANDFUL OF PEOPLE WHO HAD UNLEASHED UNTOLD REPRESSION AND TERROR ON THE NATION". CHARAN SINGH SAID THAT MISDEEDS, ABUSE OF POWER AND "ATROCITIES" HAD OCCURRED IN THE POWERS OF ARREST AND DETENTION, IN THE TREATMENT OF DETAINEES, IN IMPLEMENTING THE FAMILY PLANNING PROGRAM AND IN THE RESETTLEMENT OF SLUM-DWELLERS. THE HOME MINISTER CONCEDED THAT MANY OFFICIALS HAD ACTED OUT OF FEAR, BUT MAINTAINED THAT THOSE WHO HAD GONE OUT OF THEIR WAY TO PLEASE OTHERS "CANNOT BE ALLOWED TO ESCAPE THE CONSEQUENCES". HE PROMISED THAT THE GOVERNMENT WOULD NOT BE VINDICTIVE, NOR WOULD IT CONDUCT A WITCH-HUNT, BUT ALL THOSE GUILTY OF EXCESSES, MALPRACTICES AND MISDEEDS "FROM THE HIGHEST POLITICAL AUTHORITY DOWN TO THE LOWEST FUNCTIONARY OF GOVERNMENT" MUST FACE THE CONSEQUENCES OF THEIR ACTIONS.

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6. COMMENT: DESPITE CHARAN SINGH'S DENIAL OF VINDICTIVENESS, THE INQUIRY INTO OFFICIAL EXCESSES OF THE EMERGENCY IS LIKELY TO OPEN UP A PANDORA'S BOX OF CHARGES AND COUNTER-CHARGES. CIVIL SERVANTS AND POLICE OFFICIALS COULD BE

DRAGGED INTO A NET OF TRYING TO FIX THE BLAME FOR ATROCITIES.
FOLLOWING THE ELECTION, MORARJI DESAI HAD INSISTED THAT
THE GOVERNMENT OUGHT TO INQUIRE BUT NOT TAKE REVENGE. HAVING
UNLEASHED THE PENT-UP ANGER OF THE PEOPLE BY DECIDING ON A
FULL-SCALE COMMISSION OF INQUIRY, IT WILL BE DIFFICULT TO
PREVENT THE INVESTIGATION FROM BECOMING A VINDICTIVE
WITCH-HUNT WHICH COULD POISON THE POLITICAL ATMOSPHERE
FOR YEARS TO COME.
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